**Earning Release**

# ELBIT SYSTEMS REPORTS RECORD FIRST QUARTER 2008 RESULTS

***Record Backlog of Order over $4.9 Billion;***

***Revenues Increased by 52.6% YoY to $616.1 Million;***

***Net Profit Increased by 68.3% YoY to $32.2 Million;***

**Haifa, Israel, May 20, 2008 – Elbit Systems Ltd. (the "Company") (NASDAQ: ESLT, TASE: ESLT)**, the international defense company, today reported its consolidated results for the first quarter ended March 31, 2008.

**The Company's backlog of orders as of March 31, 2008** totaled $4,922 million, as compared with $4,624 million as of December 31, 2007. Approximately 68% of the backlog relates to orders outside of Israel. Approximately 69% of the Company's backlog as of March 31, 2008, is scheduled to be performed during the upcoming three quarters of 2008 and during 2009.

**Consolidated revenues for the first quarter of 2008** increased by 52.6% to $616.1 million, from $403.6 million in the first quarter of 2007. The first quarter of 2007 results did not include the revenues of Tadiran Communications Ltd., which were consolidated beginning in May 2007.

**Gross profit for the first quarter of 2008** increased by 62.6% to $168.4 million (27.3% of revenues), as compared with gross profit of $103.5 million (25.7% of revenues) in the first quarter of 2007.

**Consolidated net income for the first quarter of 2008** increased by 68.3% to $32.2 million (5.2% of revenues), as compared with $19.1 million (4.7% of revenues) in the first quarter of 2007. Diluted earnings per share for the first quarter of 2008 were $0.75, as compared with $0.45 for the first quarter of 2007.

**Operating Cash flow** during the first quarter of 2008 was $65.2 million, as compared to $86.8 million in the first quarter of 2007.

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The President and CEO of Elbit Systems, Joseph Ackerman, commented: “I am pleased to report another quarter of strong growth with record financial results. We also had a record quarter of over $914 million in bookings, enabling our backlog to reach just shy of the $5 billion milestone.”

Continued Mr. Ackerman, “Our margins reflect a number of factors including efficiency processes in the Company, as part of the synergy with recently acquired companies. Our acquisition policy has proved it successful and has contributed to a larger scale and broader product offering to customers, enabling us to win more strategic and larger contracts, and helping us to further expand our network of customers and business partners. We continue to globalize our business with 80% of our revenues from outside Israel, and we now have presence in many important and diversified geographic regions, with a broad product portfolio for the evolving needs of the defense electronics, homeland security and commercial aviation industries."

The Board of Directors declared a dividend of $0.20 per share for the first quarter of 2008. The dividend’s record date is June 3, 2008, and the dividend will be paid on June 16, 2008, net of taxes and levies, at the rate of 16.29%.

**Conference Call**

The Company will also be hosting a conference call today, Tuesday, May 20, 2008 at 09:00 am ET. On the call, management will review and discuss its first quarter 2008 results and will be available to answer questions.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

**US Dial-in Numbers: 1 888 407 2553**
**UK Dial-in Number: 0 800 917 9141**
**ISRAEL Dial-in Number: 03 918 0610**
**INTERNATIONAL Dial-in Number: +972 3 918 0610**
**at:**
09:00 am Eastern Time; 6:00 am Pacific Time; 2:00 pm UK time and 4:00 pm Israel time

This call will be broadcast live on Elbit Systems’ web-site at http://www.elbitsystems.com. An online replay will be available from 24 hours after the call ends.

Alternatively, for two days following the end of the call, investors will be able to dial a replay number to listen to the call. The dial-in numbers: 1 888 254 7270 (US); or +972 3 925 5929 (Israel and International).

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**About Elbit Systems Ltd.**
Elbit Systems Ltd. is an international defense electronics company engaged in a wide range of defense-related programs throughout the world. The Company, which includes Elbit Systems and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance ("C4ISR"), unmanned air vehicle (UAV) systems, advanced electro-optics, electro-optic space systems, EW suites, airborne warning systems, ELINT systems, data links and military communications systems and radios. The Company also focuses on the upgrading of existing military platforms and developing new technologies for defense, homeland security and commercial aviation applications.


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***This press release contains forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended) regarding Elbit Systems Ltd. and/or its subsidiaries (collectively the Company), to the extent such statements do not relate to historical or current fact. Forward Looking Statements are based on management's expectations, estimates, projections and assumptions. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results, performance and trends may differ materially from these forward-looking statements due to a variety of factors, including, without limitation: scope and length of customer contracts; governmental regulations and approvals; changes in governmental budgeting priorities; general market, political and economic conditions in the countries in which the Company operates or sells, including Israel and the United States among others; differences in anticipated and actual program performance, including the ability to perform under long-term fixed-price contracts; and the outcome of legal and/or regulatory proceedings. The factors listed above are not all-inclusive, and further information is contained in Elbit Systems Ltd.'s latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission. All forward-looking statements speak only as of the date of this release. The Company does not undertake to update its forward-looking statements.***

***(FINANCIAL TABLES TO FOLLOW)***

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## ELBIT SYSTEMS LTD.
## CONSOLIDATED BALANCE SHEETS
(In thousand of US Dollars)

| | March 31 2008 | December 31 2007 |
|---|---|---|
| | Unaudited | Audited |
| **Assets** | | |
| Current Assets: | | |
| Cash and short term deposits | 357,267 | 373,955 |
| Trade receivable and others | 598,819 | 569,533 |
| Inventories, net of customer advances | 519,531 | 480,603 |
| Total current assets | 1,475,617 | 1,424,091 |
| Affiliated Companies & other Investments | 66,270 | 66,161 |
| Long-term receivables & others | 308,433 | 309,991 |
| Fixed Assets, net | 359,741 | 350,514 |
| Other assets, net | 621,082 | 630,735 |
| | 2,831,143 | 2,781,492 |
| **Liabilities and Shareholder's Equity** | | |
| Current liabilities | 1,321,448 | 1,267,945 |
| Long-term liabilities | 920,834 | 957,200 |
| Minority Interest | 30,576 | 20,085 |
| Shareholder's equity | 558,285 | 536,262 |
| | 2,831,143 | 2,781,492 |

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## ELBIT SYSTEMS LTD.

## CONSOLIDATED STATEMENTS OF INCOME

(In thousand of US Dollars, except for per share amounts)

| | Three Months Ended March 31 | | Year Ended December 31 |
|---|---|---|---|
| | 2008 | 2007 | 2007 |
| | Unaudited | | Audited |
| Revenues | 616,063 | 403,600 | 1,981,761 |
| Cost of revenues | 447,710 | 300,062 | 1,454,913 |
| Restructuirng expenses | - | - | 10,482 |
| Gross Profit | 168,353 | 103,538 | 516,366 |
| Research and development expenses, net | 38,035 | 24,093 | 126,995 |
| Marketing and selling expenses | 49,664 | 32,371 | 157,411 |
| General and administrative expenses | 32,149 | 20,318 | 107,447 |
| Acquired IPR&D | - | - | 16,560 |
| Total operating expenses | 119,848 | 76,782 | 408,413 |
| Operating income | 48,505 | 26,756 | 107,953 |
| Financial expenses, net | (4,600) | (2,928) | (19,329) |
| Other income, net | 4,096 | 113 | 368 |
| Income before taxes on income | 48,001 | 23,941 | 88,992 |
| Taxed on income | 7,922 | 6,733 | 13,810 |
| | 40,079 | 17,208 | 75,182 |
| Equity in net earnings of affiliated companies and partnership | 2,565 | 3,400 | 14,565 |
| Minority interests in earnings of subsidiaries | (10,491) | (1,509) | (13,038) |
| Net income | 32,153 | 19,099 | 76,709 |
| Earnings per share | | | |
| Basic net earnings per share | 0.76 | 0.45 | 1.82 |
| Diluted net earnings per share | 0.75 | 0.45 | 1.81 |